

Message Text

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ACTION XMB-04

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /053 W

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R 291444Z JUL 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 8953

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DEPT PASS EXIMBANK

E.O. 11652: N/A

TAGS: EFIN, EGEN, CG

SUBJECT: GOZ EXECUTES CONDITIONS PRECEDENT FOR INGA-SHABA OVERRUN

1. JULY 28 CIS REP TOLD EMBOFF THAT THEY HAD BEEN INFORMED BY LOCAL SEDELM I OFFICIAL THAT SEDELM I HAS REACHED AGREEMENT WITH GOZ WHEREBY IT WILL RECEIVE \$2.8 MILLION DOWN PAYMENT FOR SHABA GRID IN INSTALLMENTS OF \$500,000. CIS OFFICIAL DID NOT KNOW AGREED FREQUENCY FOR SUCH PAYMENTS BUT HAD BEEN ASSURED BY SEDELM I OFFICIAL THAT ARRANGEMENT WAS ACCEPTABLE TO SEDELM I.

2. CIS HAS ALSO RECEIVED NOTIFICATION FROM SNE L THAT GOZ STABILIZATION COMMISSION HAS APPROVED PLAN TO PROVIDE LOCAL CURRENCY FINANCING FOR REMAINDER CY76 AND GAVE ASSURANCES THAT NECESSARY FUNDS WILL BE INCLUDED IN 1977 BUDGET. UNOFFICIAL TRANSLATION OF LETTER FROM SNE L TO CIS FOLLOWS:

QUOTE: I HAVE THE PLEASURE TO INFORM YOU THAT THE COMMITTEE OF STABILIZATION HAS APPROVED, TO PUT AT YOUR DISPOSITION, SUFFICIENT FUNDS TO ENABLE YOU TO PROVIDE FOR YOUR NEEDS IN LOCAL CURRENCY FOR THE CONTINUATION OF THE CONSTRUCTION OF THE INGA-SHABA LINE.

IN ORDER TO DO SO, YOUR ACCOUNT AT THE LOCAL BANK THAT YOU DESIGNATED TO THE STATE DEPARTMENT OF FINANCES WILL BE CREDITED

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WITH THE FOLLOWING SUMS FOR 1976:

1ST JULY 1976	Z 1,000,000
1ST AUGUST 1976	Z 1,000,000
1ST SEPT 1976	Z 2,000,000
1ST OCT. 1976	Z 2,000,000
1ST NOV 1976	Z 2,100,000
1ST DEC 1976	Z 2,100,000
GRAND TOTAL	Z10,200,000

THE PROVISIONS YOU HAVE PROPOSED WERE FOR 14 MILLION ZAIRES.
THE AMOUNT SHOWN IS THEREFORE THE NET AMOUNT OF THE RECOVER-
ABLE ADVANCES THAT HAVE BEEN MADE TO YOU IN 1975, WHILE WAITING
FOR THE UNFREEZING OF THE EURODOLLAR BORROWING AGREEMENT.

INASMUCH AS THEY CAN BE EVALUATED AND JUSTIFIED, THE BALANCE
OF THE LOCAL FUNDS NECESSARY FOR THE COMPLETION OF THE PROJECT
WILL BE MADE AVAILABLE IN THE 1977 BUDGET. YOU SHOULD THERE-
FORE GIVE US THEIR EVALUATION AND JUSTIFICATIONS BEFORE THE
END OF THE CURRENT YEAR. SIGNED NZEZA MAKUNSI. UNQUOTE

3. WITH ABOVE ACTIONS IT APPEARS TO US THAT GOZ HAS ESSENTIALLY
COMPLIED WITH CONDITIONS PRECEDENT WHICH WE UNDERSTAND EXIMBANK
IMPOSED PRIOR TO FINANCING OF INGA-SHABA OVERRUN. CONSEQUENTLY,
WE URGE THAT LOAN BE EXECUTED ASAP AS DELAYS MERELY ADD TO
ULTIMATE COST OF COMPLETION OF TRANSMISSION LINE.
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Message Attributes

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